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UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION I
475 ALLENDALE ROAD
KING OF PRUSSIA, PENNSYLVANIA 19406-1415

MEMORANDUM TO: Chairman Jackson
Commissioner Rogers
Commissioner Dicus
Commissioner Diaz
Commissioner McGaffigan

FROM: L. Joseph Callan
Executive Director for Operations

SUBJECT: RESULTS OF THE NRC SENIOR MANAGEMENT MEETING
HELD JUNE 10-11, 1997

The purpose of this memorandum is to provide the Commission with (1) a summary of discussions held at the June 10-11, 1997, NRC Senior Management Meeting and (2) copies of letters to be sent to the licensees of plants on the Watch List that will be discussed at the June 25, 1997, Commission Meeting. There were no plants identified at this meeting that should be issued a trending letter for declining performance nor any that should be recognized for superior performance in accordance with the program described in SECY-94-291.

As the Commission is aware, NRC senior managers meet semiannually to review the performance of operating nuclear power plants and materials facilities licensed by the NRC. For this meeting, the senior managers implemented, for the first time, the guidance described in Management Directive (MD) 8.14, "Senior Management Meeting (SMM)." MD 8.14 provides interim guidance for the preparation and conduct of the SMM while the process is undergoing review and modification, as described in SECY 97-122, "Integrated Review of the NRC Assessment Process for Operating Commercial Nuclear Reactors."

As a result of the number of plants that were scheduled to be discussed during this SMM, nuclear power plant performance was the predominant topic of discussion at this Senior Management Meeting. In keeping with the initiatives to enhance the process that were implemented during the January 1997 SMM, the senior managers continued efforts to increase the emphasis on obtaining and integrating the views of each senior manager (including the NRC Allegations Coordinator who attended the SMM for the first time) and to enhance the application of information summaries (pro/con charts) used to facilitate the discussions related to the appropriateness of applying increased agency attention.

Information in this record was deleted
in accordance with the Freedom of Information
Act, exemptions outside scope
FOIA- 2003-281

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The Senior Management Meeting is conducted to focus agency-wide resources on those plants and issues that need to be addressed, to communicate the concerns of senior NRC managers to licensees with poor performance or adverse performance trends, and to ensure that coordinated courses of action are developed and implemented for licensees of concern before problems reveal themselves as significant events.

The recommendations from this meeting reflect the emphasis that the NRC places on the staff's current assessment of plant safety performance as opposed to licensee plans and projections. A summary of the results of this discussion is presented in Attachment 1.

On June 23, 1997, the following notifications and actions, which are timed to give licensee management an opportunity to attend the June 25, 1997, Commission Meeting, will occur:

- the Regional Administrators will place a telephone call to the licensee of each plant in Categories 1, 2, and 3, and to each licensee whose performance warrants a ISA/DET, informing them of the staff's assessment of their plants, and the basis for the conclusions made by the NRC Senior Managers; and
- the staff will transmit (by facsimile) letters to the Chief Executive Officer for the plants in Categories 1, 2, and 3 (Attachment 2).

Attachment 3 is a summary of the June 1997 NRC Senior Management Meeting. Copies of the Senior Management Meeting Watch List Removal Evaluation Factors are provided in Attachment 4 and Attachment 5 is a list of meeting attendees.

Please note that the information contained with this memorandum is PRE-DECISIONAL and will be first discussed publicly at the June 25, 1997, Commission Meeting. Following the meeting, letters to licensees will be placed in the Public Document Room.

Attachments:

1. Summary of Senior Management Meeting Results
2. Watch List Letters to Licensees
3. Senior Management Meeting Summary
4. Senior Management Meeting Watch List Removal Evaluation Factors
5. List of Attendees

cc w/attachments:

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ATTACHMENT 1

Summary of Senior Management Meeting Results

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ATTACHMENT 2

Watch List Letters to Licensees

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ATTACHMENT 3

NRC Senior Management Meeting (SMM) Summary
June 10 and 11, 1997
Region I

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monitoring licensee performance and no additional agency attention is needed.

SEQUOYAH SUMMARY

In summary, in reviewing the considerations for maintaining agency attention at Sequoyah, the senior managers acknowledged that recent improvements have been noted in the licensee's problem identification process, material condition, and operational performance. In reviewing the considerations for increasing agency attention at Sequoyah, the senior managers noted that several human performance problems occurred during the spring 1997 outage and weaknesses in the corrective action process continue to occur. On balance, the senior managers determined that the considerations for maintaining agency attention outweighed those for increasing agency attention and that no agency action would be taken for Sequoyah.

INDIAN POINT 2

This is the first SMM at which Indian Point 2 (IP2) has been discussed. The SALP report issued on March 31, 1997, noted that many plant equipment problems were experienced during the September 1995 to February 1997 SALP period due to the poor condition of a number of systems. The unit experienced nine trips and shutdowns as well as several power reductions as a result of equipment problems. During the April 1996 Plant Performance Review (PPR) the frequency of plant events and a decline in overall performance was noted and it was determined that an Integrated Performance Assessment Process (IPAP) review was warranted. The IPAP, which was completed in November 1996, confirmed further that there was clear evidence of a performance decline.

The IPAP final report, published in late January 1997, identified and confirmed concerns in six programmatic areas: lack of a full understanding of the plant's design basis for the sample of systems reviewed, document control weaknesses associated with the Final Safety Analysis Report, a common theme of informality in a number of station processes, weaknesses in the implementation of the root cause program and corrective actions, weaknesses in problem identification reporting systems, and weaknesses with procedures and procedural adherence.

Weaknesses in the evaluation of the causes and extent of problems have resulted in significant equipment problems. Of note is the plant shutdown on January 26, 1997, which was required when 3 of the 4 main feedwater regulating valves (MFRVs) were inoperable due to the introduction of steel grit which entered the secondary system during the 1995 refueling outage and which was not properly remediated at that time. A

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heater drain pump had failed in June 1995 after that refueling outage due to this grit intrusion, but the licensee's corrective actions for that event were too narrow and did not comprehensively address the extent of condition that the grit intrusion had on plant systems. Numerous other examples of the licensee's weakness in this area include a poor root cause evaluation of AFW valves that were damaged, incomplete assessment of anomalous containment recirculation pump data, and acceptance of preconditioning of turbine driven AFW pump drain lines for surveillance testing.

Since restart from the forced outage in mid-March, two TS required shutdowns were initiated due to separate equipment problems affecting 2 of their 3 EDGs. Additional performance problems continue to be identified, most notably, in the Motor Operated Valve (MOV) program documentation and completion efforts.

A Special Team Inspection was conducted during the first half of May to review the events associated with an inadvertent Safety Injection Actuation which occurred while conducting main steam safety valve setpoint testing on May 1, 1997. During this event, there were several pieces of safety-related equipment (an AFW pump and a containment fan cooler unit) which failed to start automatically due to supply breaker problems (Westinghouse Model DB-50). Approximately one week later, while doing safety injection system testing, a component cooling water pump failed to operate as expected due to problems with the same type breaker. The inspection team also found there was inadequate control of this evolution by the operations staff, poor communication with the control room, and inadequate consideration of industrial safety hazards.

The senior managers considered the following factors from the plant performance evaluation template, in determining the appropriate agency response to the identified performance concerns:

CONSIDERATIONS FOR INCREASING AGENCY ATTENTION

- **Effectiveness of Licensee Self-Assessment**
 - Weaknesses in line management oversight and self-scrutiny. NRC, vice Con Ed, often pointing out problems. QA and other oversight organizations not significant Contributors.
 - Low threshold problem reporting system established, but followup frequently weak/fragmented.

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- **Operational Performance (Frequency of Transients)**
 - Numerous equipment failures over past operating cycle (reactor trips, forced shutdowns).
- **Human Performance**
 - Personnel errors an issue (e.g., MS safety valve testing with subsequent plant transient).
 - Frequent lack of questioning attitude (e.g., fire panel alarm, AFW repeat failures)
 - Informalities noted in maintenance and testing; weaknesses in work packages.
- **Material Condition (Safety System Reliability/Availability)**
 - Numerous equipment failures including in risk significant system (aux feed). (e.g., failure of AFW pump and FCU to start on recent SI).
 - Some areas of plant (such as piping penetration area) in poor condition.
- **Engineering and Design**
 - Frequent failure to fully address anomalous conditions and determine root causes (e.g., failure to act on precursors of FWRV "grit" event).
 - Preconditioning before test -- e.g., aux feed system and ventilation dampers.
 - Problems with programs like MOV, and fire protection.
 - Below average condition and knowledge of design basis. FSAR not well maintained.

CONSIDERATIONS FOR MAINTAINING CURRENT ATTENTION

- **Effectiveness of Licensee Self-Assessment**
 - Some management changes made recently.
 - Attempting to maintain a low threshold problem reporting system.
 - Some good self assessments
- **Operational Performance (Frequency of Transients)**
 - N/A

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- **Human Performance**
 - Apparent improvement in personnel error rate over past year (but some significant errors continue). Steps taken to improve operating procedures.
 - Operator response to events normally good.
- **Material Condition (Safety System Reliability/Availability)**
 - After NRC prodding, some efforts recently made to cleanup and improve plant (piping penetration area).
 - Backlog of known problems appears to be manageable. Effectively dealing with emergent work during the outage.
- **Engineering and Design**
 - Design support to modifications appears to be good.
 - Root cause for some recent significant events reasonably thorough.
 - Reorganization of engineering intended to refocus efforts.
 - Standard level of effort committed to in 50.54f response.

The senior managers observed that the NRC's most recent assessment of IP2's performance is a more realistic view than that reflected by the previous SALP. It was clear to the senior managers that this performance decline has not been over the past few months, but over the past several years; in fact, the senior managers noted that personnel error rate appears to have improved somewhat over the past year. The SALP report that was issued earlier this year fully documents the concerns raised in the plant performance evaluation template. It was also apparent that the region had identified this trend through the inspection and PPR processes and taken appropriate action to further understand the cause of the performance decline by initiating an IPAP.

The issue facing the senior managers was whether a trending letter should be issued or not, particularly in light of the very recent, highly critical SALP report that was just issued and the substantial enforcement action recently taken, both of which capture the agency's concerns over declining performance at IP2. The senior managers thoroughly explored the issue of whether a trending letter should be sent. Performance problems which were of great concern to the senior managers were that the NRC inspectors appear to be the driving force on raising issues to the appropriate level to get them corrected, root cause evaluations tend to be superficial, and that the licensee has been, until recently, slow to accept the NRC's observations that performance has declined. The considerations against not sending a trending letter centered around two areas: integration

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of the SMM actions with that of other plant performance assessment processes and that the apparent declining trend occurred throughout the SALP cycle as opposed to being a recent trend. The senior managers gave strong weight to the fact NRC's concerns about IP2's performance have been appropriately reinforced in the recent SALP report, the IPAP inspection report, and the recent escalated enforcement action. Additionally, recent indicators show that performance in a number of areas may have leveled off or even be improving as the licensee has reacted to the NRC's concerns, which have been building since mid-1996. It was also noted that events have not been of the sort that raise fundamental questions about operations (such as occurred at Clinton), nor has there been any significant allegations which would raise questions about the work environment.

Another topic the senior managers addressed during the discussion of IP2 was when should the SMM take a more immediate stance in reacting to a decline in plant performance. It was noted that there are some concerns over control room operations at IP2, as evidenced by the problems that occurred during recent main steam safety valve testing. However, the consensus was that these concerns did not rise to the level that existed in those situations where the NRC perceived that the performance and safety values of the control room operators and/or management were flawed (such as had occurred at plants like Point Beach, Clinton, and Zion). At IP2 the issues are centered more around ineffective work processes and corrective action programs, which are clearly important, but which allow a more measured regulatory approach.

After much discussion on all of the above issues, and in consideration that this is the first time that IP2 has been discussed as the SMM in years the senior managers determined that no action would be taken relative to Indian Point 2, but that the licensee's response to the recent SALP would be closely monitored by the region.

INDIAN POINT 2 SUMMARY

In summary, in reviewing the considerations for maintaining agency attention at Indian Point 2, the senior managers noted some recent improving trends in human performance areas. They also considered the efforts by the region to make the licensee aware of the concerns it has about IP2's performance decline through the issuance of a recent critical SALP report and an enforcement action, both of which conveyed a strong message to which the licensee is just now responding. It was also noted that the decline in performance at Indian Point 2 has not been a recent trend. As the region has responded to performance problems through increased inspection activity and management attention, the causes for these problems have become better

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understood. In reviewing the considerations for increasing agency attention at Indian Point 2, the senior managers were concerned that the licensee has not been effective in performing thorough root cause analyses and noted the substantial number of trips and forced shutdowns experienced by the licensee due to material condition problems. On balance, the senior managers determined that given the licensee's recent demonstrated improvements in the human performance areas, the considerations for maintaining agency attention and giving the licensee a period of time to respond to the recent SALP and enforcement action outweighed those for increasing agency attention and that no agency action would be taken for Indian Point 2.

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Performance for the period continues to suggest that the performance decline identified in the second half of 1995 has abated and, in some areas performance has improved. The initiatives of the new site management has proven relatively effective. Performance in the operations and maintenance areas appears to have been constant since the last period at a relatively good level of performance. Issues within engineering and plant support appear to reflect weaknesses that had existed for an extensive period of time and which are just now being revealed. There have been substantial deficiencies in Emergency Preparedness, indicating a programmatic breakdown and resulting in a civil penalty. The ability to effectively respond to employee concerns in a timely manner, as well as the retention of high quality personnel continue to challenge site management.

Management changes continue to be made, as well as adjustments to the organizations. Overall performance in operations has been generally good, especially with respect to transients. The number and severity of operator errors have declined during the period. Maintenance has remained generally effective and the material condition of the plant is good. In engineering, there has been generally good support of operations, but some adverse findings have been identified in the area of design control. While performance in plant support is satisfactory, there have been a number of issues in radiation protection and emergency preparedness.